

Advance ZincTek Limited

ACN 079 845 855

Interim Financial Statements

For the Half Year Ended 31 December 2024

Advance ZincTek Limited

ACN 079 845 855

Contents

For the Half Year Ended 31 December 2024

	Page
Chairman's Letter	1
Directors' Report	2
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	15
Independent Auditor's Review Report	16

Chairman's Letter

The first half FY25 profit after tax is \$954,000 (first half FY24 \$643,000) 48.4% up. Revenue first half FY25 is \$5.718 million, compared to revenue of \$5.573 million for first half FY24.

As previously announced, USA revenues of \$3,127,293 for first half FY25 are greater than the total of FY24 sales of \$2,539,000.

As announced at the October 2024 AGM, we have identified a new approach to growing the number of distributors and sales in Europe. This initiative was developed to reflect customary distributor's practices and have commenced in January 2025.

The Board is confident that despite adverse economic conditions in Europe, Japan and Korea sales revenue will continue to grow.

As previously advised, sale orders in the past have not proven to be a reliable indicator, however, we cannot ignore the current sales orders in our system, which indicate to the Board that revenue for FY25 will likely exceed FY24.

As announced at the Annual General Meeting, sales of Zinc Oxide in Australia have been impacted by the availability of inferior imported Zinc Oxide products sold locally without the required TGA license or necessary GMP clearances. As of yet, the TGA has not removed these inferior imports from Australian made sunscreens.

We are finalising the first order of our "Dry Feel" white sapphire for our largest customer, who is urgently airfreighting this material with further sales expected once specifications are finalised.

We started marketing our new "Light Diffusing" white sapphire, which will be significantly cheaper than our "Dry Feel" product. Samples should be sent to customers in the first quarter of 2025.

We are also finalising the production of our "High Purity" white sapphire and have identified 13 applications and over 500 potential customers.

Perth Factory

Factory and warehouses are no longer operational. The cost of redundancies and relocating stock and equipment have been expensed in this half with no further costs expected going forward. As a result, the Board are now anticipating cost savings to reach over \$1 million per annum, with the full impact of these savings evident in second half FY25 and in future years.

I would like to personally thank Geoff and the Brisbane production team, in particular Pat Baxter and Nigel Smeaton, for integrating the Perth equipment and stock into our Brisbane facility as part of the consolidation of ANO operations.



Lev Mizikovsky
Non-executive Chairman

Dated: 19 February 2025

Advance ZincTek Limited

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Directors' Report For the Half Year Ended 31 December 2024

Your directors present their report, together with interim financial report of the Group being Advance ZincTek Limited ("Company") and its controlled entities ("Group"), for the half year ended 31 December 2024.

Directors

The names of the directors in office at any time during, or since the end of, the half year are:

Names	Position
Lev Mizikovsky	Non-executive Chairman
Rade Dudurovic	Non-executive Director / Chairperson of the Audit Committee
Geoff Acton	Managing Director

Company Secretaries

The following persons held the position of Company Secretary during the financial year:

- Geoff Acton (B.Com, CA, GAICD)
- Narelle Lynch ("Cert Gov Prac")

Principal activities

During the half year the principal continuing activities of the Group consisted predominantly of the manufacture of aluminium oxide powder (Alusion), zinc oxide dispersions and zinc oxide powder (collectively ZinClear) for the Personal Care Sector.

There were no significant changes in the nature of the Group's principal activities during the half financial year.

Operating results

Advance ZincTek Limited result for the half year ended 31 December 2024 was a net profit after tax of \$954,000 an increase of 48.4% compared to \$643,000 for the prior corresponding period.

Review of financial position

The net assets of the Group are \$35.334 million as at 31 December 2024 (\$34.380 million at 30 June 2024).

Directors' Report

For the Half Year Ended 31 December 2024

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the half year.

Dividends paid or recommended

No dividends have been paid or declared during the financial half year.

Events after the reporting date

Except as above, no matters or circumstances have arisen since the end of the financial half year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

The Group has established a solid platform from which to grow sales, improve margin and deliver enhanced profitability.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2024 has been received and can be found on page 4 of the interim financial report.

Signed in accordance with a resolution of the Board of Directors:



Lev Mizikovsky
Non-executive Chairman

Dated: 19 February 2025

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Advance ZincTek Limited

As lead auditor for the review of Advance ZincTek Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Advance ZincTek Limited and the entities it controlled during the period.

William Buck

William Buck (Qld)
ABN 21 559 713 106

M. Monaghan

M J Monaghan
Partner

Brisbane, 19 February 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2024

		31 December 2024	31 December 2023
	Note	000's	000's
Sale Revenue	3	5,718	5,573
Other income	3	632	468
Raw materials and consumables used		(2,406)	(2,087)
Employee benefits expense		(942)	(991)
Amortisation charge		-	(22)
Depreciation expense - Property, plant & equipment		(873)	(859)
Legal expense		(35)	(44)
Directors fees		(187)	(251)
Insurance fees		(109)	(125)
Travel costs		(12)	-
Rates & taxes		(8)	(6)
Corporate costs		(160)	(166)
Consulting		(67)	(87)
Patent Renewal		(29)	(5)
Electricity		(26)	(91)
IT, Computer & Internet Expenses		(93)	(36)
Other operating expenses		(188)	(243)
Profit before income tax		1,215	1,028
Income tax benefit (expense)	4	(261)	(385)
Profit from continuing operations		954	643
Profit for the half year		954	643
Other comprehensive income, net of income tax			
Other comprehensive income for the year		-	-
Profit attributable to:			
Members of the parent entity		954	643
Total comprehensive income attributable to:			
Members of the parent entity		954	643
Earnings per share			
Basic earnings per share (cents)		1.52 cents	1.03 cents
Diluted earnings per share (cents)		1.52 cents	1.03 cents

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Advance ZincTek Limited

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Consolidated Statement of Financial Position As At 31 December 2024

	31 December 2024	30 June 2024
Note	000's	000's
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	-	163
Trade and other receivables	3,620	2,358
Inventories	12,183	12,734
Other assets	963	446
TOTAL CURRENT ASSETS	16,766	15,701
NON-CURRENT ASSETS		
Property, plant and equipment	11,758	11,941
Right of use assets	1,448	1,487
Deferred tax assets	6,177	5,943
Development assets	2,801	2,669
TOTAL NON-CURRENT ASSETS	22,184	22,040
TOTAL ASSETS	38,950	37,741
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	1,758	1,110
Lease liabilities	425	415
Provisions	71	168
Borrowings	97	320
TOTAL CURRENT LIABILITIES	2,351	2,013
NON-CURRENT LIABILITIES		
Lease liabilities	1,194	1,250
Provisions	71	98
TOTAL NON-CURRENT LIABILITIES	1,265	1,348
TOTAL LIABILITIES	3,616	3,361
NET ASSETS	35,334	34,380
EQUITY		
Issued capital	53,103	53,103
Reserves	1,519	1,519
Retained earnings	(19,288)	(20,242)
Total equity attributable to equity holders of the Company	35,334	34,380
TOTAL EQUITY	35,334	34,380

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2024

	Note	Issued Capital 000's	Accumulated Losses 000's	Foreign Currency Transaction Reserve 000's	Share Based Payment Reserve 000's	Total 000's
Balance at 1 July 2024		53,103	(20,242)	16	1,503	34,380
Profit / (Loss) for the half year		-	954	-	-	954
Other comprehensive income for the half year		-	-	-	-	-
Total Comprehensive Income for the half year		53,103	(19,288)	16	1,503	35,334
Transactions with owners in their capacity as owners						
Balance at 31 December 2024		53,103	(19,288)	16	1,503	35,334

	Note	Issued Capital 000's	Accumulated Losses 000's	Foreign Currency Transaction Reserve 000's	Share Based Payment Reserve 000's	Total 000's
Balance at 1 July 2023		53,103	(19,339)	16	1,503	35,283
Profit / (Loss) for the half year		-	643	-	-	643
Other comprehensive income for the half year		-	-	-	-	-
Total Comprehensive Income for the half year		53,103	(18,696)	16	1,503	35,926
Transactions with owners in their capacity as owners						
Balance at 31 December 2023		53,103	(18,696)	16	1,503	35,926

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2024

	31 December 2024	31 December 2023
Note	000's	000's
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (including GST)	5,161	6,559
Payments to suppliers and employees (including GST)	(4,237)	(5,676)
Lease Interest Paid	(36)	(48)
Net cash provided by/(used in) operating activities	<u>888</u>	<u>835</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(447)	(678)
Payment for capitalised development costs	(133)	(126)
Net cash provided by/(used in) investing activities	<u>(580)</u>	<u>(804)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(320)	-
Repayment of lease liabilities	(248)	(254)
Net cash provided by/(used in) financing activities	<u>(568)</u>	<u>(254)</u>
Net increase/(decrease) in cash and cash equivalents held	(260)	(223)
Cash and cash equivalents at beginning of year	<u>163</u>	<u>325</u>
Cash and cash equivalents at end of the half year	<u>(97)</u>	<u>102</u>

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

1 Material Accounting Policy Information

(a) Basis of Preparation

This condensed interim financial report for the half year reporting period ended 31 December 2024 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Advance ZincTek Limited ("Company") and controlled entities ("Group"). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2024, together with any public announcements made during the half year.

Rounding of amounts

The Company is an entity to which ASIC Corporations Instrument 2016/191 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Accounting Policies

Unless otherwise stated, the same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(b) New Accounting Standards Adopted by the Group

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

3 Revenue and Other Income

Revenue from continuing operations

	31 December 2024 000's	31 December 2023 000's
Sales revenue		
- Sale of ZinClear	5,371	4,937
- Sale of Alusion	131	355
- Sale of Sunscreen Products	216	281
Total Sales Revenue	5,718	5,573
Other revenue		
- R&D tax incentive	495	515
- Gain / (Loss) on exchange differences	100	(56)
- Other income	37	9
Total Other Income	632	468

4 Income Tax Expense

The tax expense of \$261,214 for the half year ended 31 December 2024 is not payable in cash due to the utilisation of prior year tax losses.

5 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2024 (31 December 2023:None).

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

6 Operating Segments

Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Maker) in assessing performance and determining the allocation of resources.

The Board considers the business from a market perspective and has identified one reportable segment, the Personal Care segment, which produces and distributes dispersions of mineral-only UV filters in cosmetic formulation used for sunscreen, skincare and pharmaceutical formulations, as well as alumina plate-like powder used for cosmetic applications.

(a) Revenue by geographical region

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	31 December 2024 000's	31 December 2023 000's
Australia	1,190	1,162
United States of America and Canada	3,127	1,940
Europe	419	1,416
Rest of the world	982	1,055
Total	5,718	5,573

7 Related Parties

Amounts receivable from related parties for the sales and purchase of goods and services are unsecured and interest free and are included in the balances of trade and other receivables. Balances are settled within normal trading terms or as per agreement with the Board. No provisions for doubtful debts has been recognised on these outstanding balances, nor have any bad debt expenses been incurred.

(a) The Group's main related parties are as follows:

(i) Key management personal:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personal.

Tamawood Limited, SenterpriSys Limited and Veganic SKN Limited are deemed to be related party by virtue of Mr Lev Mizikovsky, Non-executive Chairman having a controlling interest in these Companies.

Transaction with KMP and their related parties, excluding remuneration are shown below (b).

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

7 Related Parties (Cont'd)

(b) Transactions with related parties

(i) Sales of Goods and Services

	31 December 2024	31 December 2023
	\$	\$
<i>Key management personal:</i>		
Lev Mizikovsky		
- Expenditure on-charged at cost to entities associated with Lev Mizikovsky	183,573	74,941
<i>Related parties:</i>		
Tamawood Group		
- Administration, expenditure on charged at cost and accounting services	134,811	96,661
SenterpriSys Limited		
- Expenditure on-charged at cost	16,472	21,020
Veganic SKN Limited		
- Sale of sunscreen products and related services	455,705	582,498
- Rent	51,000	37,400

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

7 Related Parties (Cont'd)

(b) Transactions with related parties (Cont'd)

(ii) Purchase of Goods and Services

	31 December 2024 \$	31 December 2023 \$
<i>Key management personal:</i>		
Lev Mizikovsky		
- Lease of premises from an entity associated with Lev Mizikovsky	259,216	249,200
Geoff Acton		
- Provision of payroll, advisory & secretarial services by an entity associated with Geoff Acton	89,868	68,622
<i>Related parties:</i>		
Tamawood Group		
- Provision of administration services & construction material at cost & lease of premises	94,857	117,798
SenterpriSys Limited		
- Provision of IT equipment at cost & IT services	61,503	40,059
Winothai Pty Ltd		
- Provision of management services	10,500	21,200
Veganic SKN Limited		
- Sunscreen raw materials & tubes	298,844	-

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

7 Related Parties (Cont'd)

(c) Outstanding balances

	31 December 2024	31 December 2023
	\$	\$
<i>Key management personal:</i>		
Lev Mizikovsky		
- Amounts receivable	-	-
- Amounts payable	-	43,002
Geoff Acton		
- Amounts receivable	30,239	98
- Loan receivable	696,000	594,587
<i>Related parties:</i>		
Tamawood Group		
- Amounts receivable	-	4,817
- Amounts payable	243,992	122,477
SenterpriSys Limited		
- Amounts receivable	51,972	741
- Amounts payable	71,539	35,721
<i>Related parties:</i>		
Veganic SKN Limited		
- Amounts receivable	291,597	359,186
- Amounts payable	369,496	95,814

8 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Declaration

The directors of the Company declare that:

1. The interim financial statements and notes, as set out on pages 1 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Lev Mizikovsky
Non-executive Chairman

Dated: 19 February 2025

Independent auditor's review report to the members of Advance ZincTek Limited

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Advance ZincTek Limited (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2024,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

William Buck (Qld)
ABN 21 559 713 106

M. Monaghan

M J Monaghan
Partner

Brisbane, 19 February 2025